

**THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY AND EXHIBITS
OF
JOSEPH W. COATES**

March 4, 2013



DOCKET NO. 2013-2-E

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS
OF SOUTH CAROLINA ELECTRIC & GAS COMPANY**

DIRECT TESTIMONY AND EXHIBITS OF

JOSEPH W. COATES

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2013-2-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.**

A. My name is Joseph W. Coates. My business address is 1401 Main Street,
Suite 900, Columbia, South Carolina, 29201. I am employed by the South
Carolina Office of Regulatory Staff ("ORS") in the Audit Department, as an
Auditor.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A. I received a Bachelor of Science Degree in Finance from the University of
South Carolina in August 2008. In February 2009, I began my employment with
ORS and have been involved in cases related to the regulation of electric, gas,
telecommunications, water and wastewater companies. Recently, I presented
testimony before the Public Service Commission of South Carolina ("PSC" or
"Commission") in an electric rate case.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 **A.** The purpose of my testimony is to present the results of ORS Audit
4 Staff's examination of the books and records pertaining to South Carolina Electric
5 & Gas Company's ("the Company" or "SCE&G") operations under the Fuel
6 Adjustment Clause ("FAC"). The current fuel examination covered the actual
7 period of January 2012 through December 2012 ("actual review period") and four
8 (4) estimated months from January 2013 to April 2013 ("estimated review
9 period").

10 **Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?**

11 **A.** The purpose of this examination was to determine if the Company's
12 accounting practices in computing and applying the monthly FAC have been in
13 compliance with S.C. Code Ann. §58-27-865 (Supp. 2012).

14 **Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?**

15 **A.** ORS Audit Staff examined and verified the monthly fuel adjustment
16 factor calculations and the fuel recovery balances recorded in the Company's
17 books and records. The Audit Staff's examination consisted of:

18 1. Analyzing the Fuel Stock Account

19 ORS's analysis of the Fuel Stock Account consisted of verifying receipts to,
20 and issues from, the fuel management system to the general ledger, examining
21 monthly fuel charges originating in fuel accounting, and ensuring that only
22 proper charges were entered in the Company's computation of fuel costs for
23 purposes of adjusting the base fuel factor.

1 2. Sampling Receipts to the Fuel Stock Account

2 ORS's review of receipts to the Fuel Stock Account consisted of examining
3 and testing selected transactions which support additions to the account. Each
4 transaction examined was tested for mathematical accuracy and vouched to a
5 corresponding waybill or truck bill, coal received report and freight study
6 detailed report. Transactions were then verified to a fuel management system
7 payment voucher to verify payment of the correct amount to the vendors.

8 3. Verifying Charges to Nuclear Fuel Expense

9 ORS verified the expense amounts of nuclear fuel to the books and records for
10 the actual review period. Additionally, the accuracy of these amounts were
11 confirmed to the Company's amortization schedules.

12 4. Verifying Purchased and Interchange Power Fuel Costs

13 ORS verified the Company's purchased and interchange power fuel costs,
14 kilowatt-hour ("kWh") purchases and kWh sales for the actual review period
15 to various "Energy Received and Energy Delivered" summary reports,
16 Purchases, Sales and Interchange Power schedules, and to monthly invoices,
17 on a sample basis. ORS recomputed the Company's sales and purchases for
18 the actual review period.

19 The purchased and interchange power amounts for the actual review period
20 and the resultant over (under)-recovery monthly deferred fuel amounts for the
21 period reflect calculations which conform to S.C. Code Ann. §58-27-865
22 (Supp. 2012). This statute addresses fuel costs related to purchased power.
23 Subsection (A)(2)(b) of this statute states that the total delivered cost of

1 economy purchases, including (but not limited to) transmission charges, are
2 included in purchased power costs if those purchases are “less than the
3 purchasing utility’s avoided variable costs for the generation of an equivalent
4 quantity of electric power.” ORS applied this statute to the examined
5 economic purchases along with the applicable avoided costs.

6 5. Verifying kWh Sales

7 ORS verified total system kWh sales, as filed in the monthly fuel factor
8 computation, to monthly Class/Rate Summary reports for the actual review
9 period. The monthly kWh sales were then used to determine the fuel cost per
10 kWh sold.

11 6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred Fuel
12 Costs

13 ORS recalculated the fuel cost adjustment factors for the actual review period
14 utilizing information obtained from the Company’s records and verified these
15 total fuel costs to the Company’s books and records. In recalculating the
16 monthly factors, ORS divided total fuel costs by total system kWh sales to
17 arrive at fuel costs per kWh sold. The base fuel cost per kWh was then
18 subtracted from the actual fuel cost per kWh sold. The resulting amount
19 represents the fuel cost adjustment above or below the base rate per kWh. The
20 actual South Carolina retail jurisdictional deferred fuel costs for each month
21 were verified to the Company’s books and records.

1 7. Recalculating the True-up for the Over (Under)-Recovered Fuel Costs

2 ORS analyzed and recomputed the cumulative over (under)-recovery of actual
3 base fuel costs for the actual review period and estimated over (under)-
4 recovery for the estimated review period. In addition, ORS recomputed the
5 cumulative over (under)-recovery of actual environmental fuel costs for the
6 actual review period and estimated over (under)-recovery for the estimated
7 review period.

8 **Q. PLEASE EXPLAIN THE AUDIT EXHIBITS ATTACHED TO YOUR**
9 **TESTIMONY.**

10 **A.** ORS prepared audit exhibits from the Company's books and records,
11 reflecting fuel costs during the actual review period. Specifically, these exhibits
12 include the following:

13 **AUDIT EXHIBIT JWC-1: TOTAL RECEIVED AND WEIGHTED**
14 **AVERAGE COST**

15 This audit exhibit details total cost for the actual review period of \$764,047,220,
16 for coal, #2 oil, and natural gas. ORS has also computed the weighted average
17 cost of each type of fuel: coal (\$111.87 per ton), #2 oil (\$3.29 per gallon), and gas
18 (\$3.80 per thousand cubic feet ("MCF")).

19 **AUDIT EXHIBIT JWC-2: RECEIVED COAL – COST PER TON (PER**
20 **PLANT)**

21 This audit exhibit details the received cost per ton of coal at each plant during the
22 actual review period, in dollars per ton, including freight costs.

**AUDIT EXHIBIT JWC-3: RECEIVED COAL - COST PER TON
COMPARISON**

This audit exhibit details the received cost per ton for coal for each month of the actual review period for SCE&G, Duke Energy Carolinas, and Progress Energy Carolinas. For comparison purposes, ORS has shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost per thousand British thermal units ("MBTU").

AUDIT EXHIBIT JWC-4: BURNED COST – CONSUMED GENERATION

This audit exhibit details the per book cost of fuel burned for electric generation during the actual review period. The burned cost of each class of fuel is shown separately along with its percentage of total burned cost. These costs are used in the computations of the base fuel cost component. Emission allowance expenses and other variable environmental costs, as described in §58-27-865 (A)(1), are shown separately on Audit Exhibit JWC-8.

AUDIT EXHIBIT JWC-5: COST OF FUEL

This audit exhibit details ORS's computation of the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. These components are:

- (1) Cost of Fuel Burned
- (2) Fuel Costs of Purchased and Interchange Power
- (3) Fuel Cost Recovered from Intersystem Sales

Cost of Fuel Burned - This amount is the total cost of all fossil and nuclear fuel burned during the actual review period used in the base fuel component

1 computation. A detailed breakdown of coal, oil, gas and nuclear fuel can be seen
2 in Audit Exhibit JWC-4.

3 Fuel Costs of Purchased and Interchange Power - This amount is the fuel cost of
4 SCE&G's monthly kWh purchases from other electric utilities or power
5 marketers.

6 Fuel Cost Recovered from Intersystem Sales - This amount is the fuel cost related
7 to kWhs sold during the actual review period to other electric utilities or power
8 marketers.

9 Total fuel cost applicable to the base fuel component factor is computed by
10 adding the cost of fuel burned to purchased and interchange power fuel costs. This
11 amount is then reduced by fuel cost associated with intersystem sales.

12 **AUDIT EXHIBIT JWC-6: COMPUTATION OF UNBILLED REVENUE**

13 This audit exhibit details the actual fuel cost computations for the actual review
14 period as well as estimated fuel costs for the estimated review period. The exhibit
15 also shows the actual and estimated computations of the cumulative over (under)-
16 recovery balances and various adjustments for January 2012 through April 2013.

17 **AUDIT EXHIBIT JWC-7: TOTAL ENVIRONMENTAL COSTS**

18 This audit exhibit details the total environmental costs for the actual review period
19 for sulfur dioxide ("SO₂") emission allowances, nitrogen oxide ("NO_x") emission
20 allowances, lime, limestone and ammonia. Additionally, the percentage of total
21 cost is shown for each environmental component.

AUDIT EXHIBIT JWC-8: DETAILS OF ENVIRONMENTAL COSTS

This audit exhibit details the environmental cost computations for the actual review period for SO₂ and NO_x emission allowances, lime, limestone, ammonia, and estimates of variable environmental costs for the estimated review period.

Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-RECOVERY AMOUNT BROUGHT FORWARD IN AUDIT EXHIBIT JWC-6?

A. Yes. As detailed in Audit Exhibit JWC-6, ORS brought forward a cumulative (under)-recovery balance from December 2011 of (\$92,791,882). The Company's testimony {Rooks' EXHIBIT NO. (AWR-1)} reflects the same (under)-recovery balance brought forward from December 2011.

Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED FUEL COSTS.

A. ORS Audit Exhibit JWC-6 provides details of ORS's calculation of the actual cumulative (under)-recovery balance through December 2012, and the estimated balance through April 2013. The cumulative (under)-recovery amount as of December 2012 totaled (\$82,500,782). ORS then added estimated over-recoveries of \$694,908 for January 2013, \$6,547,820 for February 2013, \$6,520,661 for March 2013 and \$1,936,968 for April 2013. In addition, ORS included monthly carrying costs approved in PSC Order No. 2012-951, the monthly over-recovery adjustment amount of \$1,583,583 for the Urquhart and Jasper fixed capacity charges, an (under)-recovery adjustment of (\$3,065,547) in January 2013 (later explained as adjustment 3D), and the Company's estimated,

1 on-going adjustments for unbilled fuel cost over (under)-recoveries, related to
2 cycle billing, to arrive at a cumulative (under)-recovery of (\$71,234,193) through
3 April 2013. The Company's testimony {Rooks' EXHIBIT NO.__(AWR-1)} in
4 this docket reports the amount through December 2012 as (\$82,500,782) and
5 through April 2013, the (under)-recovery totals (\$71,234,193).

6 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
7 **DURING BOTH THE ACTUAL AND THE ESTIMATED REVIEW**
8 **PERIODS FOR THE BASE FUEL COMPONENT?**

9 **A.** Yes. The Company made the following adjustments as shown on Audit
10 Exhibit JWC-6:

11 **Adjustment (1)-** As described in PSC Order No. 2011-319 and in Company
12 witness Rooks' direct testimony from PSC Docket No. 2013-2-E, the Company
13 has a monthly carrying cost applied to the (under)-recovery balance from January
14 1, 2012 through April 30, 2012, shown as (under)-recovery entries to the Deferred
15 Fuel Account (Account # 182.3004).

16 As described in PSC Order No. 2012-951, the Company is allowed to collect
17 carrying costs from January 1, 2013 through the last billing cycle of April 2014
18 on amounts that exceed the forecasted (under)-collected balance at December 31,
19 2012 of (\$24,338,526). ORS examined and recomputed the carrying charges for
20 these entries with no exceptions noted.

21 **Adjustment (2)-** As described in PSC Docket No. 2012-2-E, the Company had a
22 regular monthly reduction adjustment to the Deferred Fuel Account, shown as an
23 over-recovery amount, of \$1,583,583. This amount consists of the Urquhart Plant

1 and the Jasper Plant (Combined Cycle) monthly fixed capacity charges of
2 \$673,417 and \$910,166, respectively, which are treated, in accordance with PSC
3 Orders No. 2003-38 and No. 2005-2, on a retail basis, as over-recovery deferred
4 fuel entries. ORS examined and recomputed the adjustments with no exceptions
5 noted.

6 **Adjustment (3)-** During both the actual and the estimated review periods, the
7 Company recorded several over (under)-recovery adjustments to the cumulative
8 balances of the Deferred Fuel Account (Account #182.3004). They are as
9 follows:

10 **(3A)-** In March 2012, the Company made an over-recovery adjustment of
11 \$1,034,984. This adjustment was made to account for changes in fuel expenses
12 billed by Kapstone, formerly known as Cogen South, for the months of January
13 2012 and February 2012.

14 **(3B)-** In October 2012, the Company made an over-recovery adjustment of
15 \$75,466 to true-up the actual coal expenses reported at the Williams, Urquhart,
16 Wateree, and Canadys Plants in September 2012.

17 **(3C)-** In December 2012, an adjustment was made to account for prorated
18 revenues associated with certain customer usage on and after January 1, 2013,
19 when new fuel rates went into effect per PSC Order No. 2012-951. This (under)-
20 recovery adjustment equates to (\$920).

21 **(3D)-** In January 2013, the Company made an (under)-recovery adjustment of
22 (\$3,065,547) associated with the requirements put forth in PSC Order No. 2012-
23 951. This adjustment represents the over-credited amounts associated with the

1 Company's Rate Reduction and Tax Credits Rider from their 2010 general rate
2 case.

3 ORS examined and recomputed all of the previous adjustments (3A-3D) with no
4 exceptions noted.

5 **Adjustment (4)-** In both the actual and the estimated review periods, the
6 Company reflects recurring adjustments to account for the 'timing difference'
7 associated with kWh sales not yet billed due to the regular cycle billing process,
8 whereas the fuel adjustment clause process reflects all unbilled fuel transactions
9 (sales and costs) on a full monthly basis. ORS examined and recomputed this
10 adjustment with no exceptions noted.

11 **Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-**
12 **RECOVERY BALANCE BROUGHT FORWARD FOR**
13 **ENVIRONMENTAL COSTS IN AUDIT EXHIBIT JWC-8?**

14 **A.** Yes. As detailed in Audit Exhibit JWC-8, ORS brought forward a
15 cumulative (under)-recovery balance of (\$3,051,203) from December 2011. The
16 Company's testimony {Rooks' EXHIBIT NO.__(AWR-3)} reflects a cumulative
17 (under)-recovery balance brought forward from December 2011 of (\$3,051,201).

18 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**
19 **THE TRUE-UP OF OVER (UNDER)-RECOVERED ENVIRONMENTAL**
20 **COSTS.**

21 **A.** ORS Audit Exhibit JWC-8 provides the details for ORS's calculation of
22 the cumulative environmental cost (under)-recovery balance of (\$1,654,373)
23 through December 2012. ORS then added SCE&G's monthly estimated over-

1 recoveries for the estimated review period. The Company's estimated on-going
2 adjustments for unbilled fuel cost over (under)-recoveries, related to cycle billing,
3 were also incorporated to arrive at a cumulative (under)-recovery of (\$76,093) as
4 of April 2013. The Company's testimony {Rooks' EXHIBIT NO. __ (AWR-3)} in
5 this docket reports the cumulative environmental cost (under)-recovery total
6 through December 2012 as (\$1,654,375) and through April 2013 as (\$76,095).

7 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
8 **DURING BOTH THE ACTUAL AND THE ESTIMATED REVIEW**
9 **PERIODS FOR THE ENVIRONMENTAL COST COMPONENT?**

10 **A.** Yes. The Company made the following adjustments as shown on Audit
11 Exhibit JWC-8:

12 **Adjustment (5A)-** In March 2012, the Company made an over-recovery
13 adjustment of \$20,831. This adjustment was made to account for changes in
14 reagent expenses billed by Kapstone for the months of January 2012 and February
15 2012. ORS examined and recomputed the adjustment with no exceptions noted.

16 **Adjustment (5B)-** In June 2012, the Company made an over-recovery adjustment
17 of \$2. This adjustment was made to restate the Company's environmental costs
18 from May 2012.

19 **Adjustment (6)-** As with the base fuel costs (described in Adjustment 4), the
20 cycle billing methodology also affects the recovery of environmental costs. The
21 recurring adjustments throughout the actual review period and the estimated
22 review period are reflective of their respective months. ORS examined and
23 recomputed these adjustments with no exceptions noted.

1 **Q. WHAT ARE THE COMBINED CUMULATIVE OVER (UNDER) -**
2 **RECOVERIES OF THE BASE FUEL COST AND ENVIRONMENTAL**
3 **COST COMPONENTS AS OF ACTUAL DECEMBER 2012 AND AS OF**
4 **ESTIMATED APRIL 2013?**

5 **A.** As of December 2012, based on a base fuel cost component cumulative
6 (under)-recovery balance of (\$82,500,782) and an environmental cost component
7 cumulative (under)-recovery balance of (\$1,654,373), the combined result totals
8 (\$84,155,155). As of April 2013, based on a base fuel cost component cumulative
9 (under)-recovery balance of (\$71,234,193) and an environmental cost component
10 cumulative (under)-recovery balance of (\$76,093), the combined result totals
11 (\$71,310,286).

12 **Q. WHAT IS THE RESULT OF ORS'S EXAMINATION?**

13 **A.** Based on ORS Audit Staff's examination of the Company's books and
14 records, and the Company's operations under the fuel cost recovery mechanism, it
15 is ORS's opinion that the Company's accounting practices are in compliance with
16 S.C. Code Ann. §58-27-865 (Supp. 2012).

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, it does.

South Carolina Electric & Gas Company
Total Received and Weighted Average Cost
January 2012 - December 2012
Docket No. 2013-2-E

<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>		<u>Total Received</u>
	Tons	\$	Gal	\$	MCF	\$	
Jan-12	460,873	50,788,261	239,651	769,203	4,873,300	17,779,504	69,336,968
Feb-12	382,942	42,346,318	671,960	2,258,728	4,567,967	15,897,472	60,502,518
Mar-12	398,988	45,411,675	180,290	630,287	2,541,131	9,563,013	55,604,975
Apr-12	433,655	48,539,537	260,159	879,981	2,428,576	8,707,150	58,126,668
May-12	340,455	37,949,386	387,315	1,206,576	4,864,114	15,760,754	54,916,716
Jun-12	353,892	40,208,171	52,150	147,193	4,856,643	15,909,553	56,264,917
Jul-12	379,344	43,674,700	299,639	896,102	5,972,036	22,437,396	67,008,198
Aug-12	456,934	50,923,177	306,879	1,001,681	4,336,322	17,055,244	68,980,102
Sep-12	417,489	47,415,676	0	(161)	5,450,034	19,976,079	67,391,594
Oct-12	367,205	40,324,734	287,535	980,823	5,834,837	24,188,456	65,494,013
Nov-12	413,372	45,790,945	563,627	1,881,228	5,611,947	25,157,085	72,829,258
Dec-12	423,217	46,762,845	839,989	2,798,839	4,098,125	18,029,609	67,591,293
Total	4,828,366	540,135,425	4,089,194	13,450,480	55,435,032	210,461,315	764,047,220
Weighted Average Cost		\$ 111.87		\$ 3.29		\$ 3.80	

South Carolina Electric & Gas Company
 Received Coal - Cost Per Ton (Per Plant)
 January 2012 - December 2012
 Docket No. 2013-2-E

<u>Plant</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Canadys	117.67	110.92	110.59	112.72	112.04	114.50	112.46	118.79	117.97	105.12	115.84	124.59
Cope	109.00	112.72	102.62	105.79	107.72	107.77	113.45	104.59	111.36	95.47	115.18	107.25
McMeekin	113.70	115.09	134.88	0.00	0.00	0.00	0.00	114.39	119.05	121.32	120.02	118.89
Urquhart	105.52	111.72	110.45	0.00	0.00	0.00	0.00	0.00	75.70	0.00	0.00	0.00
Wateree	107.97	108.38	116.78	120.69	114.62	113.52	117.99	110.18	112.31	112.48	106.87	99.81
Williams	115.95	111.09	118.65	108.18	109.30	118.93	114.54	110.47	115.70	109.84	107.25	113.47
Total System	110.20	110.58	113.82	111.93	111.47	113.61	115.13	111.45	113.57	109.82	110.77	110.49

South Carolina Electric & Gas Company
Received Coal - Cost Per Ton Comparison
January 2012 - December 2012
Docket No. 2013-2-E

South Carolina Electric & Gas Company

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jan-12	78.09	32.11	110.20	4.3700
Feb-12	77.83	32.75	110.58	4.3600
Mar-12	79.58	34.24	113.82	4.4900
Apr-12	79.54	32.39	111.93	4.4000
May-12	79.89	31.58	111.47	4.3800
Jun-12	79.76	33.85	113.61	4.4400
Jul-12	81.73	33.40	115.13	4.4800
Aug-12	77.79	33.66	111.45	4.3500
Sep-12	81.43	32.14	113.57	4.4300
Oct-12	77.16	32.66	109.82	4.3000
Nov-12	77.20	33.57	110.77	4.3300
Dec-12	76.00	34.49	110.49	4.2900

Duke Energy Carolinas¹

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jan-12	68.22	28.16	96.38	3.9188
Feb-12	69.62	28.60	98.22	4.0181
Mar-12	71.14	29.97	101.11	4.0947
Apr-12	71.82	28.92	100.74	4.0598
May-12	70.76	29.67	100.43	4.0628
Jun-12	70.41	30.56	100.97	4.0966
Jul-12	69.12	30.07	99.19	4.0579
Aug-12	71.75	29.27	101.02	4.0954
Sep-12	72.51	29.91	102.42	4.1300
Oct-12	69.27	28.56	97.83	3.8852
Nov-12	68.15	30.61	98.76	3.8579
Dec-12	68.24	30.84	99.08	4.0884

South Carolina Electric & Gas Company
Received Coal - Cost Per Ton Comparison
January 2012 - December 2012
Docket No. 2013-2-E

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.¹

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jan-12	66.69	27.24	93.93	3.8349
Feb-12	65.24	32.42	97.66	3.9985
Mar-12	65.90	24.69	90.59	3.7093
Apr-12	70.96	30.58	101.54	4.1130
May-12	68.17	29.62	97.79	3.9601
Jun-12	55.36	23.09	78.45	3.2305
Jul-12	64.73	26.10	90.83	3.7004
Aug-12	67.72	25.92	93.64	3.7963
Sep-12	61.83	27.01	88.84	3.7297
Oct-12	63.25	30.45	93.70	3.7801
Nov-12	64.85	29.17	94.02	3.7785
Dec-12	58.18	27.22	85.40	3.4328

¹ Total Cost per Ton information for Duke Energy Carolinas and Progress Energy Carolinas has not been audited as part of this docket.

South Carolina Electric & Gas Company
Burned Cost - Consumed Generation
January 2012 - December 2012
Docket No. 2013-2-E

<u>Used for Base Fuel Factor:</u>						<u>Total Burned</u>		
<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>		<u>Nuclear</u>	<u>Cost</u>
	\$	%	\$	%	\$	%	\$	\$
Jan-12	39,999,471	63.22%	681,644	1.08%	17,773,869	28.09%	4,812,736	63,267,720
Feb-12	23,199,866	51.99%	1,008,453	2.26%	15,906,186	35.65%	4,504,866	44,619,371
Mar-12	29,516,652	66.50%	489,468	1.10%	9,562,511	21.55%	4,814,636	44,383,267
Apr-12	30,014,523	68.22%	623,159	1.41%	8,706,909	19.79%	4,654,085	43,998,676
May-12	32,194,273	60.32%	602,354	1.13%	15,760,628	29.53%	4,811,708	53,368,963
Jun-12	32,139,747	60.03%	837,483	1.56%	15,909,551	29.72%	4,652,027	53,538,808
Jul-12	43,676,243	61.22%	421,206	0.59%	22,437,415	31.45%	4,807,793	71,342,657
Aug-12	43,582,873	68.64%	352,858	0.56%	17,055,242	26.86%	2,502,860	63,493,833
Sep-12	29,354,177	53.82%	540,400	0.99%	19,961,642	36.60%	4,684,837	54,541,056
Oct-12	27,036,730	50.66%	422,601	0.79%	24,177,062	45.30%	1,732,124	53,368,517
Nov-12	38,519,111	58.88%	1,741,972	2.66%	25,155,441	38.46%	0	65,416,524
Dec-12	29,716,789	56.95%	320,827	0.62%	18,021,580	34.54%	4,117,323	52,176,519
Totals	398,950,455	60.13%	8,042,425	1.21%	210,428,036	31.71%	46,094,995	663,515,911

South Carolina Electric & Gas Company
Cost of Fuel
January 2012 - December 2012
Docket No. 2013-2-E

<u>Month</u>	<u>Cost of Fuel Burned</u>	<u>Fuel Costs of Purchased and Interchange Power</u>	<u>Fuel Cost Recovered from Intersystem Sales</u>	<u>Total Fuel Costs</u>
	\$	\$	\$	\$
Jan-12	63,267,720	1,163,066	(3,128,010)	61,302,776
Feb-12	44,619,371	12,345,950	(2,831,394)	54,133,927
Mar-12	44,383,267	18,060,657	(3,312,661)	59,131,263
Apr-12	43,998,676	17,069,803	(2,765,487)	58,302,992
May-12	53,368,963	12,822,151	(2,764,756)	63,426,358
Jun-12	53,538,808	16,557,096	(2,717,950)	67,377,954
Jul-12	71,342,657	19,385,637	(3,799,204)	86,929,090
Aug-12	63,493,833	19,261,054	(3,284,812)	79,470,075
Sep-12	54,541,056	14,358,296	(3,225,343)	65,674,009
Oct-12	53,368,517	15,745,821	(4,158,687)	64,955,651
Nov-12	65,416,524	20,279,771	(4,880,442)	80,815,853
Dec-12	52,176,519	17,061,861	(3,846,592)	65,391,788
Totals	663,515,911	184,111,163	(40,715,338)	806,911,736

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
January 2012 - April 2013
Docket No. 2013-2-E

ACTUAL

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012
Fossil Fuel	\$ 58,454,984	\$ 40,114,505	\$ 39,568,631	\$ 39,344,591	\$ 48,557,255	\$ 48,886,781	\$ 66,534,864	\$ 60,990,973
Nuclear Fuel	\$ 4,812,736	\$ 4,504,866	\$ 4,814,636	\$ 4,654,085	\$ 4,811,708	\$ 4,652,027	\$ 4,807,793	\$ 2,502,860
Purchased & Interchange Power Fuel	\$ 1,163,066	\$ 12,345,950	\$ 18,060,657	\$ 17,069,803	\$ 12,822,151	\$ 16,557,096	\$ 19,385,637	\$ 19,261,054
Total Cost of Fuel Burned	\$ 64,430,786	\$ 56,965,321	\$ 62,443,924	\$ 61,068,479	\$ 66,191,114	\$ 70,095,904	\$ 90,728,294	\$ 82,754,887
Less: Fuel Cost Recovered Intersystem Sales	\$ 3,128,010	\$ 2,831,394	\$ 3,312,661	\$ 2,765,487	\$ 2,764,756	\$ 2,717,950	\$ 3,799,204	\$ 3,284,812
Total Fuel Costs	\$ 61,302,776	\$ 54,133,927	\$ 59,131,263	\$ 58,302,992	\$ 63,426,358	\$ 67,377,954	\$ 86,929,090	\$ 79,470,075
Total System kWh Sales Excluding Intersystem Sales	\$ 1,872,902,449	\$ 1,703,921,982	\$ 1,687,283,925	\$ 1,585,293,818	\$ 1,858,590,759	\$ 1,955,142,479	\$ 2,297,085,333	\$ 2,285,313,517
Fuel Cost Per kWh Sales	\$ 0.032731	\$ 0.031770	\$ 0.035045	\$ 0.036777	\$ 0.034126	\$ 0.034462	\$ 0.037843	\$ 0.034774
Less: Base Cost Per kWh Included In Rates	\$ 0.035860	\$ 0.035860	\$ 0.035860	\$ 0.035860	\$ 0.035410	\$ 0.035410	\$ 0.035410	\$ 0.035410
Fuel Adjustment Per kWh	\$ 0.00313	\$ 0.00409	\$ 0.00082	\$ (0.00092)	\$ 0.00128	\$ 0.00095	\$ (0.00243)	\$ 0.00064
Unbilled Revenue kWh Sales	\$ 1,777,597,439	\$ 1,618,402,868	\$ 1,603,572,580	\$ 1,504,096,407	\$ 1,762,984,954	\$ 1,860,017,699	\$ 2,178,933,480	\$ 2,180,093,692
Deferred Fuel Entry	\$ 5,563,880	\$ 6,619,268	\$ 1,314,930	\$ (1,383,769)	\$ 2,256,621	\$ 1,767,017	\$ (5,294,808)	\$ 1,395,260
Cumulative Over/(Under)-Recovery-Prior Month	\$ (92,791,882)	\$ (87,113,612)	\$ (81,632,379)	\$ (78,778,669)	\$ (77,208,058)	\$ (70,106,847)	\$ (65,231,153)	\$ (64,925,893)
Monthly Carrying Cost Collected	(1) \$ (34,152)	\$ (38,405)	\$ (41,746)	\$ (37,146)	\$ -	\$ -	\$ -	\$ -
Less: Fixed Capacity Charges & Cost Allocation Adj.	(2) \$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583
Company Accounting Adjustments	(3) \$ -	\$ -	\$ 1,034,984 (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Co.'s Unbilled Fuel Cost Over/(Under)-Recovery Adj.	(4) \$ (1,435,041)	\$ (2,683,213)	\$ (1,038,041)	\$ 1,407,943	\$ 3,261,007	\$ 1,525,094	\$ 4,016,485	\$ (3,536,877)
Cumulative Over/(Under)-Recovery	\$ (87,113,612)	\$ (81,632,379)	\$ (78,778,669)	\$ (77,208,058)	\$ (70,106,847)	\$ (65,231,153)	\$ (64,925,893)	\$ (65,483,927)

*Explanations of Adjustments (1) through (4) on Audit Exhibit JWC-6 are included in the testimony of Joseph W. Coates.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
January 2012 - April 2013
Docket No. 2013-2-E

	ACTUAL					ESTIMATED				
	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013		
Fossil Fuel	\$ 49,856,219	\$ 51,636,393	\$ 65,416,524	\$ 48,059,196	\$ 48,678,000	\$ 40,496,000	\$ 32,100,000	\$ 38,996,000		
Nuclear Fuel	\$ 4,684,837	\$ 1,732,124	\$ -	\$ 4,117,323	\$ 5,136,000	\$ 4,628,000	\$ 5,136,000	\$ 4,963,000		
Purchased & Interchange Power Fuel	\$ 14,358,296	\$ 15,745,821	\$ 20,279,771	\$ 17,061,861	\$ 12,400,000	\$ 11,209,000	\$ 11,922,000	\$ 9,208,000		
Less: Public Service Authority Credits	\$ -	\$ -	\$ 631,913	\$ 28,812	\$ -	\$ -	\$ -	\$ -		
Total Cost of Fuel Burned	\$ 68,899,352	\$ 69,114,338	\$ 85,064,382	\$ 69,209,568	\$ 66,214,000	\$ 56,333,000	\$ 49,158,000	\$ 53,167,000		
Less: Fuel Cost Recovered Intersystem Sales	\$ 3,225,343	\$ 4,158,687	\$ 4,880,442	\$ 3,846,592	\$ 312,000	\$ 385,000	\$ 215,000	\$ 400,000		
Total Fuel Costs	\$ 65,674,009	\$ 64,955,651	\$ 80,183,940	\$ 65,362,976	\$ 65,902,000	\$ 55,948,000	\$ 48,943,000	\$ 52,767,000		
Total System kWh Sales Excluding Intersystem Sales	1,979,495,596	1,792,016,211	1,580,010,333	1,743,504,160	2,032,700,000	1,915,900,000	1,701,300,000	1,671,700,000		
Fuel Cost Per kWh Sales	\$ 0.033177	\$ 0.036247	\$ 0.050749	\$ 0.037489	\$ 0.032421	\$ 0.029202	\$ 0.028768	\$ 0.031565		
Less: Base Cost Per kWh Included In Rates	\$ 0.035410	\$ 0.035410	\$ 0.035410	\$ 0.035410	\$ 0.032780	\$ 0.032780	\$ 0.032780	\$ 0.032780		
Fuel Adjustment Per kWh	\$ 0.00223	\$ (0.00084)	\$ (0.01534)	\$ (0.00208)	\$ 0.00036	\$ 0.00358	\$ 0.00401	\$ 0.00121		
Unbilled Revenue kWh Sales	1,886,659,624	1,709,860,064	1,492,774,221	1,654,121,572	1,930,300,000	1,829,000,000	1,626,100,000	1,600,800,000		
Deferred Fuel Entry	\$ 4,207,251	\$ (1,436,282)	\$ (22,899,157)	\$ (3,440,573)	\$ 694,908	\$ 6,547,820	\$ 6,520,661	\$ 1,936,968		
Cumulative Over/(Under)-Recovery-Prior Month	\$ (65,483,927)	\$ (61,853,215)	\$ (64,984,435)	\$ (81,313,637)	\$ (82,500,782)	\$ (83,472,114)	\$ (81,762,240)	\$ (73,050,779)		
Monthly Carrying Cost Collected	(1) \$ -	\$ -	\$ -	\$ -	\$ (51,874)	\$ (50,374)	\$ (42,732)	\$ (41,138)		
Less: Fixed Capacity Charges & Cost Allocation Adj.	(2) \$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583	\$ 1,583,583		
Company Accounting Adjustments	(3) \$ -	\$ 75,466 (B)	\$ -	\$ (920) (C)	\$ (3,065,547) (D)	\$ -	\$ -	\$ -		
Co.'s Unbilled Fuel Cost Over/(Under)-Recovery Adj.	(4) \$ (2,160,122)	\$ (3,353,987)	\$ 4,986,372	\$ 670,765	\$ (132,402)	\$ (6,371,155)	\$ 649,949	\$ (1,662,827)		
Cumulative Over/(Under)-Recovery	\$ (61,853,215)	\$ (64,984,435)	\$ (81,313,637)	\$ (82,500,782)	\$ (83,472,114)	\$ (81,762,240)	\$ (73,050,779)	\$ (71,234,193)		

*Explanations of Adjustments (1) through (4) on Audit Exhibit JWC-6 are included in the testimony of Joseph W. Coates.

Cumulative Over/(Under) Base Fuel Component (per Audit Exhibit JWC-6)	\$ (82,500,782)	\$ (71,234,193)
Cumulative Over/(Under) Environmental Component (per Audit Exhibit JWC-8)	\$ (1,654,373)	\$ (76,093)
Net Cumulative Base Fuel and Environmental Components Over/(Under)-Recovery Balances	\$ (84,155,155)	\$ (71,310,286)

South Carolina Electric & Gas Company
Total Environmental Costs
January 2012 - December 2012
Docket No. 2013-2-E

Used for Environmental Cost Factor:

<u>Month</u>	<u>SO₂ Emissions</u>		<u>NO_x Emissions</u>		<u>Lime/Limestone</u>		<u>Ammonia</u>		<u>Total</u>	
	<u>Allowance</u>	<u>%</u>	<u>Allowance</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>Environmental</u>	<u>Costs</u>
	<u>\$</u>		<u>\$</u>		<u>\$</u>		<u>\$</u>		<u>\$</u>	
Jan-12	61,165	7.04%	0	0.00%	569,166	65.48%	238,823	27.48%	869,154	
Feb-12	57,883	10.68%	69	0.01%	310,631	57.31%	173,442	32.00%	542,025	
Mar-12	82,883	8.46%	0	0.00%	569,126	58.09%	327,707	33.45%	979,716	
Apr-12	46,392	5.37%	0	0.00%	670,676	77.66%	146,544	16.97%	863,612	
May-12	93,865	8.38%	1,414	0.12%	579,081	51.70%	445,775	39.80%	1,120,135	
Jun-12	53,564	4.65%	1,238	0.11%	753,410	65.37%	344,193	29.87%	1,152,405	
Jul-12	110,449	9.06%	2,055	0.17%	706,578	57.97%	399,791	32.80%	1,218,873	
Aug-12	110,549	8.50%	2,031	0.16%	542,185	41.68%	645,940	49.66%	1,300,705	
Sep-12	86,933	12.54%	1,442	0.21%	255,987	36.91%	349,145	50.34%	693,507	
Oct-12	66,589	10.41%	0	0.00%	283,578	44.33%	289,586	45.26%	639,753	
Nov-12	140,257	13.44%	0	0.00%	427,200	40.92%	476,437	45.64%	1,043,894	
Dec-12	24,129	1.24%	0	0.00%	1,153,010	59.44%	762,777	39.32%	1,939,916	
Totals	\$ 934,658	7.56%	\$ 8,249	0.07%	\$ 6,820,628	55.16%	\$ 4,600,160	37.21%	\$ 12,363,695	

South Carolina Electric & Gas Company
Details of Environmental Costs
January 2012 - April 2013
Docket No. 2013-2-E

	Actual							
	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
<u>Environmental Costs Incurred</u>								
SO ₂ Emissions Allowances	\$ 61,165	\$ 57,883	\$ 82,883	\$ 46,392	\$ 93,865	\$ 53,564	\$ 110,449	\$ 110,549
NOx Emissions Allowances	\$ -	\$ 69	\$ -	\$ -	\$ 1,414	\$ 1,238	\$ 2,055	\$ 2,031
Lime/Limestone	\$ 569,166	\$ 310,631	\$ 569,126	\$ 670,676	\$ 579,081	\$ 753,410	\$ 706,578	\$ 542,185
Ammonia	\$ 238,823	\$ 173,442	\$ 327,707	\$ 146,544	\$ 445,775	\$ 344,193	\$ 399,791	\$ 645,940
Sub-Total	\$ 869,154	\$ 542,025	\$ 979,716	\$ 863,612	\$ 1,120,135	\$ 1,152,405	\$ 1,218,873	\$ 1,300,705
Less: Environ. Costs Recovered in Inter-Company Sales	\$ -	\$ -	\$ -	\$ -	\$ 846	\$ 11	\$ 157	\$ 60
Net Environmental Costs	\$ 869,154	\$ 542,025	\$ 979,716	\$ 863,612	\$ 1,119,289	\$ 1,152,394	\$ 1,218,716	\$ 1,300,645
Retail Allocation Factor of Total Environmental Costs	95.82%	95.82%	95.82%	95.82%	95.82%	95.82%	95.82%	95.82%
Retail Share of Total Environmental Costs	\$ 832,823	\$ 519,368	\$ 938,764	\$ 827,513	\$ 1,072,503	\$ 1,104,224	\$ 1,167,774	\$ 1,246,278
Amounts Billed to Retail Customers	\$ 763,265	\$ 681,143	\$ 642,021	\$ 583,528	\$ 1,198,025	\$ 1,290,652	\$ 1,565,137	\$ 1,566,760
Over (Under)-Recovery	\$ (69,558)	\$ 161,775	\$ (296,743)	\$ (243,985)	\$ 125,522	\$ 186,428	\$ 397,363	\$ 320,482
Cumulative Over (Under)-Recovery - Prior Month	\$ (3,051,203)	\$ (3,143,404)	\$ (3,029,617)	\$ (3,328,727)	\$ (3,346,521)	\$ (3,136,543)	\$ (2,909,614)	\$ (2,410,035)
Company's Adjustments Over (Under)-Recovery	(5)	\$ 20,831 (A)	\$ 20,831 (A)	\$ 20,831 (A)	\$ 20,831 (A)	\$ 20,831 (A)	\$ 20,831 (A)	\$ 20,831 (A)
Company's Unbilled Fuel Cost Over (Under)-Recovery Adj.	(6)	\$ (22,643)	\$ (47,988)	\$ (23,198)	\$ 226,191	\$ 40,499	\$ 102,216	\$ (90,971)
Cumulative Over (Under)-Recovery	\$ (3,143,404)	\$ (3,029,617)	\$ (3,328,727)	\$ (3,346,521)	\$ (3,136,543)	\$ (2,909,614)	\$ (2,410,035)	\$ (2,180,524)

* Explanations of Adjustments (5) through (6) on Audit Exhibit JWC-8 are included in the testimony of Joseph W. Coates.

South Carolina Electric & Gas Company
Details of Environmental Costs
January 2012 - April 2013
Docket No. 2013-2-E

	Actual				Estimated			
	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
SO ₂ Emissions Allowances	\$ 86,933	\$ 66,589	\$ 140,257	\$ 24,129	\$ 27,684	\$ 32,921	\$ 12,347	\$ 21,190
NO _x Emissions Allowances	\$ 1,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lime/Limestone	\$ 255,987	\$ 283,578	\$ 427,200	\$ 1,153,010	\$ 639,003	\$ 462,714	\$ 242,756	\$ 665,196
Ammonia	\$ 349,145	\$ 289,586	\$ 476,437	\$ 762,777	\$ 295,832	\$ 227,837	\$ 392,142	\$ 126,939
Sub-Total	\$ 693,507	\$ 639,753	\$ 1,043,894	\$ 1,939,916	\$ 962,519	\$ 723,472	\$ 647,245	\$ 813,325
Less: Environ. Costs Recovered in Inter-Company Sales	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 220	\$ 220	\$ 250
Net Environmental Costs	\$ 693,507	\$ 639,753	\$ 1,043,894	\$ 1,939,916	\$ 962,369	\$ 723,252	\$ 647,025	\$ 813,075
Retail Allocation Factor of Total Environmental Costs	95.82%	95.82%	95.82%	95.82%	95.62%	95.62%	96.25%	96.25%
Retail Share of Total Environmental Costs	\$ 664,518	\$ 613,011	\$ 1,000,259	\$ 1,858,828	\$ 920,217	\$ 691,574	\$ 622,762	\$ 782,585
Amounts Billed to Retail Customers	\$ 1,331,754	\$ 1,174,525	\$ 1,008,304	\$ 1,143,134	\$ 1,386,067	\$ 1,302,922	\$ 1,113,167	\$ 1,072,838
Over (Under)-Recovery	\$ 667,236	\$ 561,514	\$ 8,045	\$ (715,694)	\$ 465,850	\$ 611,348	\$ 490,405	\$ 290,253
Cumulative Over (Under)-Recovery - Prior Month	\$ (2,180,524)	\$ (1,570,139)	\$ (1,094,348)	\$ (957,689)	\$ (1,654,373)	\$ (1,137,948)	\$ (702,826)	\$ (196,647)
Company's Adjustments Over (Under)-Recovery	(5)							
Company's Unbilled Fuel Cost Over (Under)-Recovery Adj.	(6)	\$ (56,851)	\$ (85,723)	\$ 128,614	\$ 19,010	\$ 50,575	\$ (176,226)	\$ 15,774
Cumulative Over (Under)-Recovery		\$ (1,570,139)	\$ (1,094,348)	\$ (957,689)	\$ (1,654,373)	\$ (1,137,948)	\$ (702,826)	\$ (196,647)

* Explanations of Adjustments (5) through (6) on Audit Exhibit JWC-8 are included in the testimony of Joseph W. Coates.